

AMENDED IN ASSEMBLY JUNE 28, 2002

AMENDED IN ASSEMBLY JUNE 19, 2002

AMENDED IN SENATE APRIL 30, 2002

SENATE BILL

No. 1976

Introduced by Senator Torlakson

February 22, 2002

An act relating to energy resources, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1976, as amended, Torlakson. State Energy Resources Conservation and Development Commission: report: real-time pricing.

Existing law requires the State Energy Resources Conservation and Development Commission to conduct an ongoing assessment of the opportunities and constraints presented by all forms of energy.

Under existing law, the Public Utilities Commission is required to conduct a pilot study of real-time metering for nonresidential customers, to determine the effectiveness of real-time metering in reducing energy demand and overall energy consumption, to examine customer response, to determine how real time metering should be implemented, and to determine whether more widespread use of real-time metering is in the public interest. Real-time metering is a system for measuring a customer's usage of electricity on at least an hourly basis, variably pricing that electricity based on the cost of acquisition or production, and regularly providing and updating that usage and pricing information to the customer.

This bill would require the commission, in consultation with the Public Utilities Commission, to report to the Legislature and the

Governor, by March 31, 2003, regarding the feasibility of implementing real-time, *critical peak*, and *other dynamic* pricing tariffs for electricity in California, *as strategies which can either reduce peak demand or shift peak demand load to off-peak periods*.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Californians can significantly increase the reliability of the
4 electricity system and reduce the level of wholesale electricity
5 prices by reducing electricity usage at peak times through a variety
6 of measures designed to reduce electricity consumption during
7 those periods.

8 (b) ~~Real-time pricing~~ *Dynamic pricing, including real-time*
9 *pricing*, provides incentives to reduce electricity consumption in
10 precisely those hours when supplies are tight and provides lower
11 prices when wholesale prices are low.

12 (c) The State of California, through Assembly Bill 29 of the
13 2001–02 First Extraordinary Session, has already invested
14 thirty-five million dollars (\$35,000,000) in real-time ~~meters~~
15 *metering systems* for customers who consume greater than 200
16 kilowatts.

17 (d) Real-time pricing integrates information technology into
18 the energy business, and creates new markets for communications,
19 microelectronic controls, and information.

20 (e) Electricity consumption for air conditioning purposes
21 during peak demand periods significantly contributes to
22 California's electricity shortage vulnerability during summer
23 periods.

24 (f) It is the intent of the Legislature to promote energy
25 conservation and demand reduction in the State of California.

26 SEC. 2. (a) On or before March 31, 2003, the State Energy
27 Resources Conservation and Development Commission, in
28 consultation with the Public Utilities Commission, shall report to
29 the Legislature and the Governor regarding the feasibility of

1 implementing real-time pricing tariffs for electricity in California,
2 *critical peak pricing, and other dynamic pricing tariffs for*
3 *electricity in California, as strategies which can either reduce*
4 *peak demand or shift peak demand load to off-peak periods.*

5 (b) The report shall consider all of the following:

6 (1) How wholesale real-time prices would be calculated and
7 made available to customers.

8 (2) Options for day-ahead and hour-ahead retail prices.

9 (3) Options for facilitating customer response to real-time *and*
10 *critical peak* prices and managing total customer costs, including,
11 but not limited to, ~~real-time interval~~ metering and communication
12 systems, consumer-side of the meter notification, and automatic
13 response equipment.

14 (4) *An assessment of the options for a variety of customer*
15 *classes, including, but not limited to, industrial, commercial,*
16 *residential, and tenants of a mobilehome park, apartment*
17 *building, or similar residential complex, that receive electricity*
18 *from a master-meter customer through a submetered system.*

19 (5) Estimates of potential peak load reductions, including the
20 shifting of peak load demand to off-peak periods.

21 ~~(5)~~

22 (6) Options for incorporating demand responsiveness into the
23 wholesale competitive market and operations of the California
24 Independent System Operator.

25 ~~(6)~~

26 (7) Options for ensuring customer protection under a real-time
27 ~~pricing scenario~~, *critical peak, and other dynamic pricing*
28 *scenarios*, including identifying potentially disadvantaged groups
29 who may be disproportionately vulnerable to the impact of volatile
30 prices and suggestions for effective safeguards for those
31 customers.

32 SEC. 3. This act is an urgency statute necessary for the
33 immediate preservation of the public peace, health, or safety
34 within the meaning of Article IV of the Constitution and shall go
35 into immediate effect. The facts constituting the necessity are:

36 In order to determine the feasibility of ~~real-time~~ *dynamic*
37 pricing as soon as possible, it is necessary that this act take effect
38 immediately.

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